



DAVID E. JANSSEN
Chief Administrative Officer

County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
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November 15, 2005

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**AMENDMENT NO. 1 TO LEASE NO. 75318
DEPARTMENT OF MENTAL HEALTH
695 SOUTH VERMONT AVENUE, LOS ANGELES
(SECOND DISTRICT) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chair to sign the attached Amendment No. 1 to Lease No. 75318 with Wilmont Inc. (Lessor) for an additional 7,400 rentable square feet of office space and 29 parking spaces for the remaining balance of the original ten-year term at 695 South Vermont Avenue, Los Angeles for the Department of Mental Health (DMH) at a maximum initial annual rental cost increase of \$188,426. Rental costs are funded by approximately 75 percent State funds and 25 percent net County cost.
2. Authorize the Director of the Internal Services Department (ISD) and DMH at the direction of the Chief Administrative Office (CAO) to acquire telephone, data, and low voltage systems for the aforementioned facility at a cost not to exceed \$200,000.
3. Find that this lease amendment is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987 and Section 1601 (b) (3) of the State CEQA Guidelines.

4. Approve the project and authorize the CAO, DMH and ISD to implement the project. The Lease Amendment will be effective upon approval by your Board, but the rent for the additional, expansion space will commence upon completion of the Tenant Improvements (TI) by the Landlord and acceptance thereof by the County.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this recommended action is to amend the existing lease whereby DMH can house additional staff at the subject facility. On June 21, 2005, a ten year lease was adopted by your Board for 44,298 rentable square feet of office space at the subject facility. This original space is currently being built-out to house DMH's Chief Information Office Bureau, Office of Consumer Affairs, Office of Family Advocate, Homeless and Housing Division, Service Area IV Psychiatric Mobile Response Team, Service Area VI Child Administration, and Revenue Management programs. Build-out is expected to be completed in February 2006.

The proposed 7,400 rentable square feet of expansion space will house DMH's Planning Division, which consists of 44 full time employees of which 16 are usually in the field. Due to the implementation of the recent Mental Health Services Act (MHSA), the Planning Division is expanding and DMH's headquarters does not have space to accommodate this expansion. The Planning Division facilitates the countywide planning of mental health services and compliance with the MHSA. Approval of this lease amendment will allow the Planning Division to operate in close proximity to DMH headquarters.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs that we implement a client-centered, information-based health and mental health services delivery system that provides cost-effective services across County departments (Goal 7). The recommendation herein will provide an efficient working environment for the Planning Division, which will allow staff to effectively implement Goal 7. Moreover, this project entails investing in public infrastructure and facilities that serve the community in a fiscally responsible manner. Compliance with the County's Strategic Asset Management Principles is further outlined in Attachment A.

FISCAL IMPACT/FINANCING

The maximum initial annual rental cost increase is estimated to be \$188,426, if all of the reimbursable TI allowances are used.

695 South Vermont Avenue, Los Angeles	Existing Lease	Proposed Amendment No. 1	Change
Term	Ten Years	Ten Years	None.
Total Area	44,298 sq. ft.	51,698 sq. ft.	+7,400 sq. ft.
Annual Base Rent	\$611,312 (\$13.80 per sq. ft.)	\$713,433 (\$13.80 per sq. ft.)	+ \$102,121
Annual Parking Rent	\$127,440 177 parking spaces	\$148,320 206 parking spaces	+ \$20,880 +29 parking spaces
Base Tenant Improvement (TI) Allowance	\$664,470 (\$15.00/sq.ft.)	\$775,470 (\$15.00/sq.ft.)	+ \$111,000
Additional TI Allowance	\$2,436,390 (\$55.00/sq.ft.)	\$2,843,390 (\$55.00/sq.ft.)	+ \$407,000
Discretionary TI Allowance	\$221,490 (\$5.00/sq.ft.)	\$258,490 (\$5.00/sq.ft.)	+ \$37,000
Maximum Annual Rent*	\$1,130,395	\$1,318,821	+ \$188,426
Cancellation	County may cancel at or anytime after the 36 th month with nine months notice	County may cancel at or anytime after the 36 th month with nine months notice	None.
Option to Renew	One five-year option at 95% of fair rental value	One five-year option at 95% of fair rental value	None.
Rental Adjustment	Annual CPI, 2% floor, 4% cap	Annual CPI, 2% floor, 4% cap	None.

*The maximum annual rent is the aggregate of annual base rent, annual parking rent and reimbursable TI allowances. The maximum amount of reimbursable TI funds available for this project are \$60 per sq. ft.. This amount equates to an additional \$8.85 per square foot per year in rent based upon the following: \$25 of the \$60 is allocated to furniture expenditures; \$35 of the \$60 is allocated to construction expenditures; the amortization rate for furniture is ten percent; the amortization rate for construction is seven percent; and both are amortized over ten years. The \$25 / \$35 split is based on final costs for recent lease projects.

Sufficient funding for the proposed lease amendment is included in the 2005-06 Rent Expense Budget and will be billed back to DMH. DMH has sufficient funds in its 2005-06 operating budget to cover the projected lease costs. The rental costs associated with the proposed lease amendment are funded approximately 75 percent by State MHSA and 25 percent net County cost. Additionally MHSA funding offset is a possibility in the future.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed lease amendment will increase DMH's occupancy in the subject building from 44,298 to 51,698 rentable square feet of office space and increase the amount of TI funds allocated to the project. The existing rental rate, terms and conditions of the lease shall prevail for the original and expansion space, and they are as follows:

- The term for the original space will commence upon completion of the initial TI improvements by the landlord, and acceptance thereof by the County, which is expected to occur in February 2006.
- The term for the expansion space will commence upon completion of the subsequent TI improvements by the landlord, and acceptance thereof by the County, which is expected to occur in March 2006.
- The termination date for both the original and expansion space shall be coterminous, and shall terminate ten years after lease commencement for the original space.
- Full service whereby the Landlord is responsible for all operating costs associated with the County's tenancy.
- A cancellation provision allowing the County to cancel anytime after the 3rd year upon nine months' advance notice to the Landlord. Upon cancellation, the County shall reimburse the Lessor for any and all remaining additional TI allowance funds that have not been amortized or paid in a lump sum.
- An option to renew this lease for an additional five-year period, subject to Board approval, by giving Landlord nine months' prior written notice. In the event the County exercises the renewal option, the rental rate will be adjusted to 95 percent of the average rent being charged for similar space, but the existing terms of the Lease will prevail.
- An unreimbursable, base TI allowance of \$15 per square foot is included in the rent.

- Reimbursable TI allowances of \$60 per square foot, payable via lump sum or monthly amortization payments over the term of the lease. TI reimbursement payments for furniture expenditures shall be amortized at the lessor's cost of funds, not to exceed ten percent. All other TI reimbursement payments shall be amortized at seven percent.
- The monthly base rent is subject to an annual Consumer Price Index adjustment of not less than two percent nor more than four percent.

CAO Real Estate staff surveyed the Wilshire/Vermont area to determine the availability of comparable and more economical sites, as specified by DMH in order to maintain close proximity to DMH headquarters. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically. Attachment B shows all County-owned and leased facilities within the surrounding Wilshire/Vermont area and there are none available.

Based upon a market survey of similar properties in the Wilshire/Vermont area, staff has determined that the base rental range for similar space is between \$13.80 and \$18.00 per square foot per year full service. The proposed annual base rental rate of \$13.80 represents the lower range of market for the area.

The proposed premises are in a high rise building and do not provide the necessary space and amenities needed to operate a child care center on the premises.

NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

The project is categorically exempt from CEQA pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 1601 (b) (3) of the State CEQA Guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

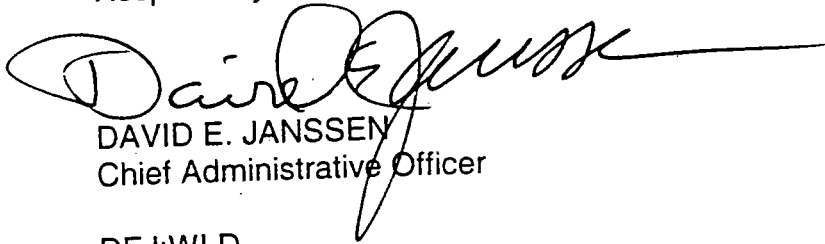
It is the finding of the CAO that the proposed lease amendment is in the best interest of the County and will provide the necessary space for this County requirement. In accordance with your Board's policy on the housing of any County offices or activities, DMH concurs with this recommendation.

The Honorable Board of Supervisors
November 15, 2005
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CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return two originals of the executed lease amendment and the adopted, stamped Board letter, and two certified copies of the Minute Order to the CAO, Real Estate Division at 222 South Hill Street, Fourth Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David E. Janssen", with a long horizontal flourish extending to the right.

DAVID E. JANSSEN
Chief Administrative Officer

DEJ:WLD
CEM:KW:hd

Attachments (3)

c: County Counsel
Department of Mental Health

DEPARTMENT OF MENTAL HEALTH
695 SOUTH VERMONT AVENUE, LOS ANGELES
Asset Management Principles Compliance Form¹

		Yes	No	N/A
1.	Occupancy			
A	Does lease consolidate administrative functions? ²	X		
B	Does lease co-locate with other functions to better serve clients? ²	X		
C	Does this lease centralize business support functions? ²			X
D	Does this lease meet the guideline of 200 sq. ft of space per person? 168 sq. ft. per person (Note: this ratio is low due to a significant number (16) of filed staff who requires minimal workspace.	X		
E	Does lease satisfy 80% parking rule? ²	X		
2.	Capital			
A	Is it a substantial net County cost (NCC) program?		X	
B	Is this a long term County program?	X		
C	If yes to 2 B; is it a capital lease or an operating lease with an option to buy?		X	
D	If no, are there any suitable County-owned facilities available?		X	
E	If yes, why is lease being recommended over occupancy in County-owned space? None available.			X
F	Is Building Description Report attached as Attachment B?	X		
G	Was build-to-suit or capital project considered? Build-to-suit or capital project isn't feasible for 7,400 sq. ft. requirement.		X	
3.	Portfolio Management			
A	Did department utilize CAO Space Request Evaluation (SRE)?	X		
B	Was the space need justified?	X		
C	If a renewal lease, was co-location with other County departments considered?			X
D	Why was this program not co-located?			
	1. ___ The program clientele requires a "stand alone" facility.			
	2. ___ No suitable County occupied properties in project area.			
	3. ___ No County-owned facilities available for the project.			
	4. ___ Could not get City clearance or approval.			
	5. <u>X</u> The Program is being co-located.			
E	Is lease a full service lease? ²	X		
F	Has growth projection been considered in space request?	X		
G	Has the Dept. of Public Works completed seismic review/approval?	X		
	¹ As approved by the Board of Supervisors 11/17/98			

²If not, why not?

ATTACHMENT B

BOUNDARIES FOR SEARCH 3 MILE RADIUS OF 550 SOUTH VERMONT AVENUE, LOS ANGELES

LACO	FACILITY NAME	ADDRESS	SQUARE FEET GROSS NET	OWNERSHIP	SQUARE FEET AVAILABLE
B393	HOLLYWOOD COURTHOUSE	5925 HOLLYWOOD BLVD, HOLLYWOOD 90028	61571	FINANCED	NONE
5461	DHS-HOLLYWOOD/WILSHIRE PUBLIC HEALTH CENTER	5205 MELROSE AVE, LOS ANGELES 90038	27578	OWNED	NONE
A578	AUDITOR - SHARED SERVICES INITIATIVE	3470 WILSHIRE BLVD, LOS ANGELES 90010	11400	LEASED	NONE
A424	DPSS-EQUITABLE PLAZA BUILDING	3435 WILSHIRE BLVD, LOS ANGELES 90010	65872	LEASED	NONE
A532	HEALTH-WILSHIRE METROPLEX BUILDING	3530 WILSHIRE BLVD, LOS ANGELES 90010	109137	LEASED	NONE
A425	DCFS-DEPARTMENTAL HEADQUARTERS BUILDING	425 SHATTO PL, LOS ANGELES 90020	80756	LEASED	NONE
A369	DCFS-PROCUREMENT AND SPECIAL SERVICES OFFICE	501 SHATTO PL, LOS ANGELES 90020	17751	LEASED	NONE
A408	DCFS-THE U S BORAX BUILDING	3075 WILSHIRE BLVD, LOS ANGELES 90010	132488	LEASED	NONE
X532	DCSS-LE SAGE COMPLEX 1 STORY BUILDING	532 S VERMONT AVE, LOS ANGELES 90020	14126	OWNED	NONE
X317	DCSS-LE SAGE COMPLEX 4 STORY BUILDING	3175 W 6TH ST, LOS ANGELES 90020	52230	OWNED	NONE
A413	HUMAN RESOURCES-WILSHIRE SQUARE TWO BUILDING	3333 WILSHIRE BLVD, LOS ANGELES 90010-4109	76304	LEASED	NONE
X550	MENTAL HEALTH-LE SAGE COMPLEX TOWER	550 S VERMONT AVE, LOS ANGELES 90020-1991	171651	OWNED	NONE
Y193	PARKS & REC-LE SAGE COMPLEX 2 STORY BUILDING	510 S VERMONT AVE, LOS ANGELES 90020	31540	OWNED	NONE
B695	HEALTH-IMMUNIZATION PRGM/ENVIRONMENTAL HEALTH	433 S VERMONT AVE, LOS ANGELES 90020	31862	OWNED	NONE
C660	DPSS-GAIN PROGRAM REG IV/ MEDICAL OUTSTATION	695 S VERMONT AVE, LOS ANGELES 90010	14274	LEASED	NONE
A600	CENTRAL CIVIL WEST COURTHOUSE	2910 W BEVERLY BLVD, LOS ANGELES 90057	120327	LEASED	NONE
B500	DHS-WORKFORCE DEVELOPMENT PROGRAM	600 S COMMONWEALTH AVE, LOS ANGELES 90005	208799	LEASED	NONE
A360	DPSS-METRO NORTH AP/ CALWORKS DISTRICT OFFICE	500 S VIRGIL AVE, LOS ANGELES 90020	8000	PERMIT	NONE
B922	DPSS-WILSHIRE SPECIAL DISTRICT OFFICE	2601 WILSHIRE BLVD, LOS ANGELES 90057	62000	LEASED	NONE
5353	DPSS-METRO SPECIAL DISTRICT OFFICE	2415 W 6TH ST, LOS ANGELES 90057	46228	LEASED	NONE
6518	THE ADAMS & GRAND BUILDING	2707 S GRAND AVE, LOS ANGELES 90007	115242	OWNED	NONE
A388	ALT PUBLIC DEF-WILSHIRE-BIXEL BUILDING	2615 S GRAND AVE, LOS ANGELES 90007	215439	OWNED	NONE
5266	METROPOLITAN COURTHOUSE	1055 WILSHIRE BLVD, LOS ANGELES 90017	6500	LEASED	NONE
5546	DHS-CENTRAL PUBLIC HEALTH CENTER	1945 S HILL ST, LOS ANGELES 90007	303434	FINANCED	NONE
A159	DISTRICT ATTORNEY-FIGUEROA PLAZA	241 N FIGUEROA ST, LOS ANGELES 90012	60924	OWNED	NONE
5456	HEALTH SERVICES ADMINISTRATION BUILDING	201 N FIGUEROA ST, LOS ANGELES 90012	84607	LEASED	NONE
0181	KENNETH HAHN HALL OF ADMINISTRATION	313 N FIGUEROA ST, LOS ANGELES 90012	221359	OWNED	NONE
0155	STANLEY MOSK COURTHOUSE	500 W TEMPLE ST, LOS ANGELES 90012-2713	958090	FINANCED	NONE
3155	THE MUSIC CENTER-DE LISA BUILDING/ THE ANNEX	111 N HILL ST, LOS ANGELES 90012	794459	OWNED	NONE
A429	CAO-REAL ESTATE DIVISION/ SERVICE INTEGRATION	301 N GRAND AVE, LOS ANGELES 90012	27582	OWNED	NONE
3154	CLARA SHORTTRIDGE FOLTZ CRIMINAL JUSTICE CENTR	222 S HILL ST, LOS ANGELES 90012-3503	29013	LEASED	NONE
Y356	EL PUEBLO REDEVELOPMENT PROPERTY-GAS CO BLDG	210 W TEMPLE ST, LOS ANGELES 90012	1036283	FINANCED	NONE
0144	EL PUEBLO REDEVELOPMENT PROPERTY-OLD BRUNSWIG	111 REPUBLIC ST (AKA 502 NEW HIGH), LOS ANGELES 90012	16517	OWNED	14524
0142	EL PUEBLO REDEVELOPMENT PROPERTY-VICKREY BLDG	510 NEW HIGH ST, LOS ANGELES 90012	35683	OWNED	22753
0143	EL PUEBLO REDEVELOPMENT PROPERTY-VICKREY BLDG	507 N MAIN ST, LOS ANGELES 90012	15618	OWNED	11154
0495	EL PUEBLO-FORMER FAR EAST BANK(NOT HABITABLE)	501 N MAIN ST, LOS ANGELES 90012	34350	OWNED	29710
0156	HALL OF RECORDS	300 W CESAR E CHAVEZ AVE, LOS ANGELES 90012	2800	OWNED	2380
Y013	DPSS-CIVIC CENTER DISTRICT/GROW CENTER OFFICE	320 W TEMPLE ST, LOS ANGELES 90012	438095	OWNED	NONE
		813 E 4TH PL, LOS ANGELES 90013	39956	OWNED	NONE

CHIEF ADMINISTRATIVE OFFICE LEASE ANALYSIS SUMMARY

Project # 740-98096
Agent Kevin Webb

Department Mental Health
Program Planning Division

Date 10/20/2005
District Second

Lease Premises

Address 695 So. Vermont Ave., Los Angeles

Lessor Identification

Name Wilmont, Inc.
Contact Steve Chong
Address 3200 Wilshire Blvd
City Los Angeles Zip 90005
Telephone 213-385-3485
E-Mail SteveChong@jamisonproperties.com

Property Manager Identification

Name SAME
Contact
Address
City Zip
Telephone
E-mail

LEASE OBLIGATIONS AND ANNUAL OCCUPANCY COST ANALYSIS

<u>Cleaning</u>	<u>Lessor</u>	<u>County</u>
Cleaning-Services	✓ 1.18	0.00
Cleaning-Supplies	✓ 0.08	0.00
Cleaning-Trash	✓ 0.03	0.00
Repair and Maintenance		
Electrical-Systems	✓ 0.09	0.00
HVAC-Equipment	✓ 0.07	0.00
HVAC-Servicing	✓ 0.10	0.00
Plumbing-Exposed	✓ 0.01	0.00
Plumbing-Concealed	✓ 0.02	0.00
Exterior-Repainting	✓ 0.10	0.00
Exterior-Glass	✓ 0.17	0.00
Interior-Maintenance	✓ 0.21	0.00
Structural & Roof	✓ 0.05	0.00
Fire-Life & Safety	✓ 0.08	0.00
Elevators	✓ 0.49	0.00
Utilities		
Electric	✓ 2.21	0.00
Gas	✓ 0.06	0.00
Water	✓ 0.09	0.00
Miscellaneous		
Road & Grounds	✓ 0.10	0.00
Security	✓ 0.87	0.00
Administration 1=full 2=split	2 0.58	2 0.58
Real Estate Tax ¹	✓ 2.00	0.00
Building Insurance	✓ 1.23	0.00
Tenant Improvements		
County-1	0.00	✓ 7.66
County-2	n/a	n/a
County-3	n/a	n/a
Lessor	✓ 2.09	0.00
Parking		
County/Lessor	n/a	2.82
Total Costs	11.91	11.07
Basic Space Rate²	+ 1.89	
Totals³	= 13.80	11.07
		+ 13.80
		<u>\$24.87</u>

<u>Terms & Conditions</u>	<u>Amounts</u>	<u>Notes</u>
Lease Term 10 yrs.	120	Months
Square Feet Leased	7,400	
Monthly Rent/Sq. Ft.	\$1.15	
Monthly Adj. To Rent	\$0.00	
Monthly Rent	\$8,510.00	
Annual Rent	\$102,120.00	
Term Rent	\$1,021,200.00	

Lease & Building Facts

Right to Cancel	After 36 months upon 9 months' notice
Option to Renew	One, 5-year Option
Option to Purchase	None.
Type of Building	High rise office
Type of Walls	Drywall
Type of Ceiling	Acoustic
Type of Lighting	Flourescent
Type of Floor	Concrete Slab, Tile, Carpet
Thomas Guide	634-A2
Assessor's Parcel #	5094-008-026
CPI Adjustment	Annually, 2% min. & 4% max
Zoning	C2
Building Sq. Ft.	195,000

<u>Improvements - Detail</u>		0	Payment at 1=Beginning 0=End, of Period			
Paid By	Loan Amount	Interest Rate	# per.	# Pmts	Annual Payment	Cr./Mo. Per
County-1	\$407,000	7.00%	10	120	\$56,712.00	
County-2						
County-3						
Lessor	\$111,000	7.00%	10	120	\$15,468.00	

<u>Monthly Parking Costs - Detail</u>		Annual Parking Cost	
County Paid Parking	29		\$20,880
Lessor Paid Parking	# of Spaces		\$0

Comments:

1. Check Actual Taxes 2. Total Rent minus Lessor Costs 3. Adj. annual rent divided by sq. ft.

**CHIEF ADMINISTRATIVE OFFICE
REAL ESTATE DIVISION
SUMMARY LEASE OFFER FORM**

LEASE REQUIREMENT

Area 7,400 Square Feet Term 10 Years
 Parking 29 Spaces Job No. 740-98096

Department Mental Health
 Purpose Planning Division

DEPARTMENTAL PREFERENCE OFFEROR	PROPERTY ADDRESS	RENTABLE SQ. FT.	EST'D COST OF ALTERATIONS	MONTHLY RENT		NO. OF PKG SPACES	MEETS REQUIREMENT	
				TOTAL \$	PER SQ. FT.		YES/NO	EXPLAIN (OFFERS ONLY)
<u>Recommended Facility:</u> Wilmington Inc.	695 So. Vermont Ave., Los Angeles	7,400	\$303,400	\$8,510 Full Service	\$1.15 Full Service	29	Yes	Meets County requirement.
<u>Comparables:</u> SCPT Union	501 Shatto Place, Los Angeles	7,400	\$370,000	\$9,250 Full Service	\$1.25 Full Service	15	No	Substantial TI work needed. Insufficient parking.
Jamison Properties	3333 Wilshire Blvd, Los Angeles	7,400	\$303,400	\$9,620 Full Service	\$1.30 Full Service	29	No	More costly than subject facility.
Jamison Properties	3255 Wilshire Blvd, Los Angeles	7,400	\$303,400	\$9,398 Full Service	\$1.27 Full Service	29	No	More costly than subject facility.

**AMENDMENT NO. 1 TO COUNTY LEASE NO. 75318
DEPARTMENT OF MENTAL HEALTH
695 SOUTH VERMONT AVENUE, LOS ANGELES**

This Amendment No. 1 to Lease No. 75318 ("Amendment") is made and entered into this _____ day of _____, 2005, by and between WILMONT INC., a California corporation, hereinafter referred to as "Lessor", and the COUNTY OF LOS ANGELES, a body politic and corporate, hereinafter referred to as "Lessee."

WHEREAS, WILMONT INC., a California corporation (Lessor), and the COUNTY OF LOS ANGELES (Lessee) entered into that certain County Lease No. 75318 dated June 21, 2005 (the "Lease") whereby Lessor leased to Lessee approximately 44,298 rentable square feet of office space commonly known as the entire sixth (6th) floor; the entire seventh (7th) floor; and the entire eighth (8th) floor within the building located at 695 South Vermont Avenue, Los Angeles, California ("Original Premises"), for a term of Ten (10) years.

WHEREAS, Lessor and Lessee desire to amend the Lease for the purpose of expanding the Premises and making the term for the Original Premises and the Expansion Premises coterminous, pursuant to the terms and conditions of the Lease and this Amendment; and

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the rents, covenants and agreements hereinafter contained, Lessor and Lessee hereby covenant and agree to amend Lease No. 75318 as follows:

1. Paragraph 1. DESCRIPTION OF PREMISES, is hereby deleted in its entirety, and the following language is inserted in substitution thereof:

The Lessor, for and in consideration of the performance of the covenants and agreements hereinafter contained to be kept and performed by the Lessee, upon the following terms and conditions, hereby leases to the Lessee, and the Lessee hereby hires and takes of and from the Lessor, those certain premises located at 695 South Vermont Avenue, Los Angeles in the County of Los Angeles, State of California, more particularly described as follows:

Premises A: Consisting of the entire sixth (6th) floor;
Premises B: Consisting of the entire seventh (7th) floor;
Premises C: Consisting of the entire eighth (8th) floor;
Premises D: Consisting of a portion of the fifteenth (15th) floor;
Premises E: Consisting of up to Two hundred six (206) parking spaces within the on-site parking garage.

Premises A, B, C, D and E shall be collectively known as (the "Premises"); all within the building located at the above address (south tower) and legally described as follows:

Lots 1-11, Book D, Wilshire Boulevard Heights in Map Book 6, Page 47 of Maps recorded with the Registrar Recorder of the County of Los Angeles (the "Building").

The Premises shall consist of approximately 51,698 rentable square feet as follows: floors six (6), seven (7), and eight (8) consisting of approximately 44,298 rentable square feet, collectively; and a portion of the fifteenth (15th) floor consisting of approximately 7,400 rentable square feet as further delineated in the amended Exhibit "A" (Plans and Specifications) attached hereto and incorporated herein; and two hundred six (206) parking spaces within the on-site parking garage as described in Paragraph 20 herein. Lessor represents that 51,698 rentable square feet is the maximum amount of square footage available, and that at no time, except by specific amendment to this Lease, will the amount of square footage as contained herein exceed the amount stated above.

Lessee shall have the exclusive right within ninety (90) days of approval by the Board of Supervisors to field-measure and verify the exact square footage of the Premises. All measurements to be taken in accordance with the methods of measuring rentable/usable area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI Z65.1-1996, as promulgated by the Building Owners and Management Association (BOMA) International. Should this measurement be less than the square footage stated above, Lessee shall have the exclusive right to adjust said square footage and reduce the rent in Paragraph 3 accomplished by the mutual execution of a Memorandum of Understanding between the Lessor and the Lessee. Lessor acknowledges that he has marketed the space at the above indicated amount and in the event of subsequent physical measurements, Lessor agrees there will be no adjustment made to either the square footage or the rent in the event the measured square footage exceeds the amount represented by the Lessor.

2. Paragraph 2. TERM, is hereby amended, and the following language shall be added to the first paragraph of Section 2A as follows:

A. Original Term:

In the event the Term of this Lease commences on different dates for Premises A, B, C, D, or E, the termination date for Premises A, B, C, D, and E shall be coterminous. Therefore, the termination date for Premises A, B, C, D, and E shall be ten (10) years after whichever Premises commences first, regardless of any differences in the date of commencement. For example, if the term for Premises A or B commences February 1, 2006 then the term for Premises A, B, C, D, and E shall terminate on January 31, 2016. Lessor and Lessee shall execute a Memorandum of Commencement Date (Exhibit "B" to the Lease) within 5 days of Lease Commencement for Premises A, B, C, D and E, respectively.

3. Paragraph 3. RENT, is hereby deleted in its entirety, and the following language is inserted in substitution thereof:

The Lessee hereby agrees to pay as rent for Premises A, B, C and D during the term, the sum of Fifty Nine Thousand Four Hundred Fifty Two and 70/100 Dollars (\$59,452.70) per month, i.e., One and 15/100 Dollars (\$1.15) per rentable square foot per month subject to annual adjustment pursuant to Paragraph 27 herein, plus Sixty Dollars (\$60) per parking space per month for Premises E, all payable in advance by Auditor's General Warrant payable within fifteen (15) days after the first day of each and every month of the term hereof provided Lessor has caused a claim therefore for each such month to be filed with the Auditor of the County of Los Angeles prior to the first (1st) day of each month.

4. Paragraph 20. PARKING SPACES, is hereby amended as follows:

Every reference to "one hundred seventy-seven (177)" that appears in Paragraph 20 shall be deleted and replaced with the following number inserted in substitution thereof: two hundred six (206).

5. Paragraph 25. TENANT IMPROVEMENTS, is hereby amended as follows:

Every reference to "Six Hundred Sixty-Four Thousand, Four Hundred Seventy Dollars (\$664,470)" that appears in Paragraphs 25A and 25B shall be deleted and replaced with the following number inserted in substitution thereof: Seven Hundred Seventy-Five Thousand, Four Hundred Seventy Dollars (\$775,470)

Every reference to "Three Million, One Hundred Thousand, Eight Hundred Sixty Dollars (\$3,100,860)" that appears in Paragraph 25B shall be deleted and replaced with the following number inserted in substitution thereof: Three Million, Six Hundred Eighteen Thousand, Eight Hundred Sixty Dollars (\$3,618,860).

Every reference to "Three Million, Three Hundred Twenty-two Thousand, Three Hundred Fifty Dollars (\$3,322,350)" that appears in Paragraph 25C shall be deleted and replaced with the following number inserted in substitution thereof: Three Million, Eight Hundred Seventy-seven Thousand, Three Hundred Fifty Dollars (\$3,877,350).

Every reference to "Two Hundred Twenty-One Thousand, Four Hundred Ninety Dollars (\$221,490)" that appears in Paragraph 25D shall be deleted and replaced with the following number inserted in substitution thereof: Two Hundred Fifty-Eight Thousand, Four Hundred Ninety Dollars (\$258,490).

6. Paragraph 27. RENTAL ADJUSTMENT, is hereby amended as follows:

Every reference to "\$50,942.70" that appears in Paragraphs 27B and 27C shall be deleted and replaced with the following number inserted in substitution thereof: \$59,452.70.

Every reference to "\$1,018.55" that appears in Paragraph 27C shall be deleted and replaced with the following number inserted in substitution thereof: \$1,189.05

Every reference to "\$2,037.70" that appears in Paragraph 27C shall be deleted and replaced with the following number inserted in substitution thereof: \$2,378.10

7. In the event of a conflict between the terms or conditions of this Amendment No. 1 and the terms or conditions of Lease No. 75318, the terms and conditions of this Amendment shall prevail. All other terms and conditions of the Lease remain unchanged and are hereby reaffirmed in full force and effect.

IN WITNESS WHEREOF, the Lessor has executed this Amendment or caused it to be duly executed, and the County of Los Angeles by order of its Board of Supervisors, has caused this Amendment to be executed on its behalf by the Chair of said Board and attested to by the Clerk thereof the day, month, and year first above written.

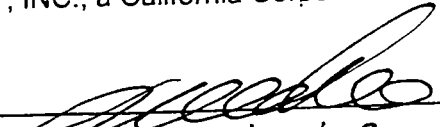
ATTEST:

VIOLET VARONA-LUKENS
Executive Officer-Clerk
of the Board of Supervisors

By _____

LESSOR:

WILMONT, INC., a California Corporation

By 
Name Dr. David Lee
Title President

By _____
Name _____
Title _____

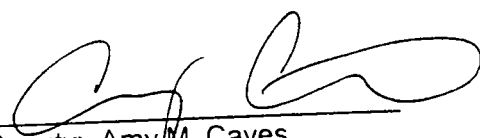
LESSEE:

COUNTY OF LOS ANGELES

APPROVED AS TO FORM:

Raymond G. Fortner, Jr.
County Counsel

By _____
Chair, Board of Supervisors

By 
Deputy: Amy M. Caves

COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE
LEASE AND AGREEMENT

THIS LEASE AND AGREEMENT ("Lease") is made and entered into in duplicate original this 21 day of June, 2005, by and between WILMONT INC., a California corporation, hereinafter referred to as the "Lessor", and the COUNTY OF LOS ANGELES, a body politic and corporate, hereinafter referred to as the "Lessee",

WITNESSETH:

1. DESCRIPTION OF PREMISES:

The Lessor, for and in consideration of the performance of the covenants and agreements hereinafter contained to be kept and performed by the Lessee, upon the following terms and conditions, hereby leases to the Lessee, and the Lessee hereby hires and takes of and from the Lessor, those certain premises located at 695 South Vermont Avenue, Los Angeles in the County of Los Angeles, State of California, more particularly described as follows:

The entire sixth (6th) floor; the entire seventh (7th) floor; and the entire eighth (8th) floor (the "Premises"); all within the building located at the above address (south tower) and legally described as follows:

Lots 1-11, Book D, Wilshire Boulevard Heights in Map Book 6, Page 47 of Maps recorded with the Registrar Recorder of the County of Los Angeles (the "Building").

The Premises shall consist of approximately 44,298 rentable square feet on floors six (6), seven (7) and eight (8) and one hundred seventy-seven (177) structured parking spaces as described in Paragraph 20 herein. Lessor represents that 44,298 rentable square feet is the maximum amount of square footage available, and that at no time, except by specific amendment to this Lease, will the amount of square footage as contained herein exceed the amount stated above. Lessee shall have the exclusive right within ninety (90) days of approval by the Board of Supervisors to field-measure and verify the exact square footage of the Premises. All measurements to be taken in accordance with the methods of measuring rentable/usable area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI Z65.1-1996, as promulgated by the Building Owners and Management Association (BOMA) International. Should this measurement be less than the square footage stated above, Lessee shall have the exclusive right to adjust said square footage and reduce the rent in Paragraph 3 accomplished by the mutual execution of a Memorandum of Understanding between the Lessor and the Lessee. Lessor acknowledges that he has marketed the space at the above indicated amount and in the event of subsequent physical measurements, Lessor agrees there will be no adjustment made to either the square footage or the rent in the event the measured square footage exceeds the amount represented by the Lessor.

2. TERM:

A. Original Term:

The term of this Lease shall be for a period of ten (10) years beginning upon completion of improvements by Lessor evidenced by the issuance of a certificate of occupancy (or a temporary certificate of occupancy), or a final sign-off, if applicable) by the City of Los Angeles, pursuant to Paragraph 25 and acceptance thereof by the Lessee and ending ten (10) years thereafter. Notwithstanding the prior commencement of the Lease term, the rent shall not be due and owing until Lessee accepts the improvements to be performed by Lessor. Should there be any delays beyond the control of the Lessor, in regard to the time limits set forth in the Construction Schedule (Exhibit "F") then the Lease commencement date may be adjusted accordingly upon the mutual consent of Lessee and Lessor. Acceptance and commencement of rent shall not occur any later than seven (7) days

after receiving a notice from Lessor indicating that all tenant improvements required have been completed in compliance with the attached plans and specifications (Exhibit "A") and the space is ready for beneficial occupancy.

In the event Lessee conducts a walkthrough and it is determined by Lessee, at Lessee's sole and reasonable discretion, that the tenant improvements have not been completed, or the space is not ready for Lessee's occupancy, then, Lessee shall not be obligated to commence the rent per Paragraph 3 herein until actual beneficial occupancy. Additionally, Lessor shall be required to provide Lessee with another notice, and Lessee shall not accept the space any later than seven (7) days from the date of the second notice. The process may be repeated until the tenant improvements are completed and the space is ready for Lessee's occupancy. Lessee shall not unreasonably withhold its approval. Lessee hereby agrees to make timely inspections and to make timely notices of its approval or disapproval of said work. Lessor and Lessee shall promptly execute the "Memorandum of Commencement Date" attached hereto as Exhibit "B" following commencement of the Lease term subject to any remaining minor punch-list items. The Chief Administrative Officer, or his designee, is hereby authorized to sign on behalf of Lessee

B. Options to Renew:

Lessee shall have the option to renew this Lease and any amendments to the Lease for a period of five (5) years under the same terms and conditions, including cancellation right, except that the renewal rental rate shall be adjusted to ninety five percent (95%) of the average of the current rent being charged for all office space within 695 S. Vermont Avenue and 3200 Wilshire Boulevard, Los Angeles, exclusive of any tenant improvements and County leased space. Lessee, by Chief Administrative Office letter, shall notify Lessor in writing not less than nine (9) months prior to expiration of the Lease term of Lessee's intention to exercise its option. The actual exercise of the option shall be only by the Board of Supervisors prior to the expiration of the lease term.

3. RENT:

The Lessee hereby agrees to pay as rent for the Premises during the term the sum of Fifty Thousand Nine Hundred Forty Two and 70/100 Dollars (\$50,942.70) per month, i.e., One and 15/100 Dollars (\$1.15)per rentable square foot per month subject to annual adjustment pursuant to Paragraph 27 herein and Sixty Dollars \$60 per parking space per month, payable in advance by Auditor's General Warrant payable within fifteen (15) days after the first day of each and every month of the term hereof provided Lessor has caused a claim therefore for each such month to be filed with the Auditor of the County of Los Angeles prior to the first (1st) day of each month.

4. USE:

Lessor agrees that the Premises together with all appurtenances thereto belonging or in any way appertaining, shall be used by the Lessee as office/administrative space for the Department of Mental Health with a minimum number of client visits and for other governmental purposes or lawful purposes during normal working hours, after normal working hours, and on weekends and holidays as Lessee may desire.

5. CANCELLATION:

Lessee shall have the right to cancel this Lease anytime after the thirty-sixth (36th) month of the original term and, if Lessee exercises the option to renew, at anytime during the option term by giving Lessor not less than nine (9) months prior written notice by Chief Administrative Office letter. In the event, Lessee elects to exercise this cancellation option then Lessee shall reimburse Lessor for any and all remaining tenant improvement allowance funds that have not been amortized or paid in a lump sum pursuant to Paragraph 25. Said remaining tenant improvement

balance shall be paid by Lessee to Lessor in a lump sum payment at least nine (9) months after giving written notice.

6. **HOLDOVER:**

In case Lessee holds over beyond the end of the term provided with the consent express or implied of Lessor, such tenancy shall be for two (2) month periods only, subject to the terms and conditions of this Lease, but shall not be a renewal hereof, and the rent shall be at the rate prevailing under the terms of this Lease. Either party may during the holdover cancel this Lease by giving the other party not less than sixty (60) days prior written notice.

7. **DAMAGE OR DESTRUCTION:**

Lessor agrees that should the Premises be damaged by fire, incidents of war, earthquake, or other elements as to render them reasonably unfit for Lessee's occupancy, as determined by Lessee's sole discretion, then this Lease shall be terminated immediately upon the happening of any such event whereupon Lessee shall surrender the Premises and shall not be obligated for any further rental and Lessor shall refund any unearned rent paid in advance by Lessee calculated at a daily rate based on the rent as set forth in Paragraph 3 and Paragraph 25.

In the event of any lesser damage by any such cause that results in damage to ten percent (10%) or less of net usable area of the Premises, then Lessor shall commence the repair and restoration of the Premises within fifteen (15) days of the event which necessitated the repair and restoration. In the event of any such cause which results in damage to more than ten percent (10%) of the net usable area of the Premises, then Lessee shall have the right at its sole discretion to either surrender the Premises and not be obligated for any further rental under this Lease and Lessor shall refund any unearned rent paid in advance by Lessee calculated at a daily rate based on the rent as set forth in Paragraph 3 or to cause Lessor to commence the repair and restoration of the Premises within fifteen (15) days of the event that necessitated the repair and restoration.

Commencement of the repair and restoration under either of the aforementioned conditions shall require (1) securing the area to prevent injury to persons and/or vandalism to the improvements, and (2) the placement of a work order or contract for obtaining the labor and materials to accomplish the repair and restoration. If Lessor should fail to thereafter pursue said repair and restoration work with reasonable diligence to completion, Lessee may give Lessor fifteen (15) working days prior written notice and thereafter perform or cause to be performed the restoration work and deduct the cost thereof from the installments of rent next due as a charge against the Lessor. Lessee shall be entitled to a proportionate reduction of rent as set forth in Paragraphs 3 and 25 while such repairs are being made effective on the date of such destruction. The proportionate reduction is to be based upon the proportion that the amount of rentable square feet within the Premises rendered unusable to Lessee bears to the whole rentable area thereof. Lessee shall not be entitled to an abatement of rent pursuant to this provision when the damage to the Premises is the result of negligence or intentional acts of Lessee's employees.

8. **TENANT'S FIXTURES:**

Lessor agrees that the Lessee may remove, at its own expense, during or at the expiration or other termination of the term of this Lease, or any extension or holdover period thereof, as the case may be, all fixtures, equipment and all other personal property placed or installed in or upon the Premises by the Lessee, or under its authority.

9. **REPAIR, MAINTENANCE AND REPLACEMENT:**

- A. This Lease is a full service lease:
Therefore, Lessor agrees to repair, maintain and replace as necessary at Lessor's own expense the entire interior and exterior of the Premises.

Lessor's responsibility shall include, but not be limited to lamps and tubes, exposed plumbing, fire sprinklers, if applicable, windows, window coverings, fire extinguishers, floor coverings, the sewer system, the grounds, parking spaces whether surface or structured parking (including resurfacing, restriping, landscaping, sweeping and provision of adequate lighting, as applicable), and the basic structure. Basic structure is agreed to include: all permanent exterior and interior walls, floors and ceilings, roof, concealed plumbing, elevators (including elevator hydraulic system, and casing for elevator ram), stairways, concealed electrical systems, telephone intrabuilding network cable (INC), and heating, ventilating and air conditioning system and fire sprinklers, if applicable. As part of Lessor's responsibilities for maintaining the Premises, Lessor shall provide for (1) furnishing and maintaining sewer services and trash removal, and (2) janitorial supplies (including restroom supplies) and janitorial services in accordance with the schedule attached to this Lease as Exhibit "C". Additionally, should Lessee desire exclusive use of a day porter, a day porter will be provided by the Lessor at a mutually agreed upon monthly fee which will be reimbursed to Lessor as additional rent.

- B. **Failure to Repair:**
In the event Lessor should fail, neglect or refuse to commence the repair, replacement or maintenance work required by Paragraph 9A herein within five (5) days after written notice has been served by Lessee, or fail, neglect or refuse to pursue said replacement or maintenance work with reasonable diligence to completion, the Lessee at its sole discretion may perform or cause to be performed said repair, replacement or maintenance work and deduct the reasonable cost thereof from the installments of rent next due as a charge to the Lessor, or the Lessee at its sole discretion may surrender the Premises and shall not be liable for any further rental under this Lease.
- C. **Return of Premises:**
Lessee agrees to return the Premises to Lessor in as good condition as when rented, ordinary wear and tear, damage by earthquake, fire or the elements and other disaster or casualty excepted.
- D. **Replacement:**
In the event that items specified in Paragraph 9A wear out or fail or are damaged by earthquake, fire or the elements, and/or other public disaster or casualty, the Lessor shall replace said items at its own expense, subject to the provisions of Paragraph 7.

10. **UTILITIES:**

Lessor agrees to pay when due all charges for the use of the sewer, effluent treatment, when and if imposed by any Governmental authority, all water, sprinkler standby charges, electricity, gas, and other lighting, heating, and power and other utility rents and charges accruing or payable in connection with the Premises during the term of this Lease or any renewal, extension, or holdover thereof, whether the same are pro-rated or measured by separate meters.

Lessor shall provide HVAC services to the Premises during the normal business hours of Monday through Friday from 7:00 am to 6:00 pm and on Saturday from 8:00 am to 1:00 pm, except on New Year's Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas.

Lessee shall give Lessor a twenty four (24) hour advance notice requesting HVAC services after normal business hours. Lessor shall bill Lessee for after-hours HVAC services at the rate of One Hundred Twenty Dollars (\$120.00) per hour for a minimum of two (2) hours per occurrence.

The tenant improvement allowances shall be used to install a non-building standard HVAC system for the Lessee's MCR and a separate electrical meter for this HVAC system. The reimbursement of this separate meter by Lessee shall be paid as

additional rent and shall be billed monthly in arrears by the Lessor.

In the event Lessor fails or refuses to pay any or all of the charges when due, Lessee may give Lessor ten (10) calendar days prior written notice and thereafter pay directly such charges and deduct the payments from the installments of rent next due as a charge against the Lessor.

11. LESSOR'S ACCESS:

Lessee agrees to permit the Lessor or Lessor's authorized agents free access to the Premises at all reasonable times for the purpose of inspection or for making necessary improvements or repairs.

12. DEFAULT:

A. Default by Lessee:

Lessee agrees that if default shall be made in the payment of rent in the manner herein provided or in any of the covenants or agreements herein contained on the part of the Lessee to be kept and performed which constitute a material breach of the Lease, it shall be lawful for the Lessor to declare said term ended and to terminate this Lease upon the giving of thirty (30) days written notice. In addition thereto, Lessor shall have such other rights or remedies as may be provided by law. Lessor may not terminate the Lease if (1) Lessee cures the default within the thirty (30) day period after the notice is given, or (2) the default cannot reasonably be cured within the thirty (30) days after notice is given, but Lessee reasonably commences to cure the default within the thirty (30) day period and diligently and in good faith continues to cure the default.

B. Default by Lessor:

Lessor shall not be in default in the performance of any obligation required to be performed under this Lease unless Lessor has failed to perform such obligation within thirty (30) days after the receipt of written notice of default from Lessee specifying in detail Lessor's failure to perform or within such shorter period of time as may be specified herein. Lessee may terminate this Lease upon Lessor's default of any material obligation upon giving of thirty (30) days written notice of termination and shall not be obligated for any further rent payments payable pursuant to paragraphs 3 and 25. In addition thereto, Lessee shall have such other rights or remedies as may be provided by law or equity. Lessee may not terminate the Lease if (1) Lessor performs and meets the obligation within the thirty (30) day period (or shorter specified period) after notice of default is given, or (2) the obligation cannot reasonably be performed within thirty (30) days after notice of default is given, but Lessor reasonably commences to cure the default within the thirty (30) day period (or shorter period specified herein) and diligently and in good faith continues to cure the default.

Lessee shall not exercise any of its rights under this Paragraph 12, other than its rights to give notice, until Lessee gives notice to any person who has requested in writing notice of Lessor's default, and has specified that person's interest in the Lease. The notice to such person shall be for the same period of time as that to which Lessor is entitled. Such person shall have the right to cure the default within the same period of time, after notice, to which Lessor would be entitled.

If Lessor or such person does not cure the default, Lessee may exercise any of its rights or remedies provided for or permitted in this Lease or pursuant to law or equity, including the right to recover any damages proximately caused by the default. If Lessee is permitted to cure the default under the terms of this Lease, and elects to do so, then Lessee shall be entitled to reimbursement for all of its costs incurred, as well as to recovery for all damages proximately caused to it because of the default.

- C. **Request for Notice of Default:**
Lessor shall obtain prior to the Lessee's occupancy of the Premises, a Request for Notice of Default, in a recordable form, executed and acknowledged by Lessor, requesting that the County be notified of any Notice of Default filed by any of Lessor's lenders, to the address of County as specified in Section 15 of this Lease.
- D. **Receipt of Notice:**
Notwithstanding anything in Paragraph 15 herein to the contrary, receipt of notice under this Paragraph 12 shall be conclusively presumed to have occurred on the earliest of:
- I. The date of personal delivery to Lessor or to Lessor's agent or employee of business, or to a resident over eighteen (18) years of age at Lessor's residence.
 - ii. The date of delivery shown upon the United States Postal Service's return receipt for certified or registered mail.
 - iii. Ten (10) days after deposit of notice to the address stipulated in Paragraph 15, sent by first class mail with the United States Postal Service, provided prior or concurrent notice has been attempted pursuant to Paragraph 15, but delivery has been refused or the notice otherwise returned without delivery.

13. **ASSIGNMENT/SUBLETTING:**

Lessee shall have the right to assign this lease or sub-lease the Premises so long as the intended use is consistent and compatible with the other tenancies within the building and/or surrounding buildings and upon the condition that the assignee or sub-lessee expressly assumes and agrees in writing to pay the rent and to perform each and every covenant and agreement in this Lease required by Lessee to be paid or to be performed. Lessee agrees to notify Lessor of any change in tenancy.

14. **ALTERATIONS:**

A. **Landlord Consent:**

Lessee shall not make any structural alterations, improvements, additions, or utility installations in or about the Premises (collectively, "Alterations") without first obtaining the written consent of Lessor, which consent shall not be unreasonably withheld. Consent shall be given or denied within thirty (30) days of receipt of written request. Should there be no response within thirty (30) days the request is deemed approved. At the time Lessor gives consent to Lessee for such Alterations, it shall also notify Lessee in writing as to whether or not Lessee shall be required to remove Alterations at the end of the term. Lessor shall be bound to any such notification allowing the Alterations if Lessee takes actions in reliance thereon.

However, Lessor's consent shall not be required for any Alteration that satisfies all of the following criteria: (1) complies with all laws; (2) is not visible from the exterior of the Premises or Building; (3) will not affect the systems or structure of the building; (4) the cost of the proposed Alteration(s) is less than Ten Thousand Dollars (\$10,000); (5) the proposed Alteration(s) and scope of work comply with the Lessor's/Building's reasonable rules and regulations; (6) Lessee provides Lessor with a set of approved plans for the proposed Alterations, if plans/permits are required. Lessee agrees to notify Lessor of any such Alterations, improvements and/or additions no less than thirty (30) days prior to any commencement of such work. Lessor shall not charge an administrative fee or other fee to review any proposed Alterations and related plans.

B. End of Term:

Any Lessee-constructed alterations, improvements and additions, as provided for herein, and the installation or placement of fixtures, equipment and all other personal property including any modular furniture, in the affected areas of the Premises shall be removed and restored to the original condition at the Lessor's written request, if written notification requiring removal was given in accordance with subsection (a) above. Lessor's written request shall be delivered to Lessee no later than thirty (30) days prior to the expiration of the Lease term or the anticipated/expressed vacation of the Premises by the Lessee, whichever comes first. Any Lessee constructed alterations, improvements and additions as well as the installation or placement of fixtures, equipment and all other personal property, including any modular furniture, not requested to be removed by Lessor, and not removed by Lessee shall become the property of Lessor and remain upon and be surrendered with the Premises at the expiration of the term.

15. NOTICES:

Notices desired or required to be given by this Lease or by any law now or hereinafter in effect shall be given by enclosing the same in a sealed envelope with postage prepaid, certified or registered mail, return receipt requested, with the United States Postal Service.

Any such notice and the envelope containing the same shall be addressed to the Lessor as follows:

Wilmont Inc.
Attn: Steve Chong
695 South Vermont Avenue, Suite 1500
Los Angeles, CA 90005

or such other place as may hereinafter be designated in writing by the Lessor except that Lessor shall at all times maintain a mailing address in California.

The notices and envelopes containing the same shall be addressed to the Lessee as follows:

Board of Supervisors
Kenneth Hahn Hall of Administration, Room 383
500 West Temple Street
Los Angeles, CA 90012

with a copy to:

Chief Administrative Office, Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, CA 90012
Attention: Director of Real Estate

16. CONDEMNATION:

If the Premises or any portion thereof are taken under the power of eminent domain, or sold under the threat of the exercise of said power (all of which are herein called "condemnation") any award for the taking of all or any part of the Premises shall be the property of the Lessor, to the extent it is compensation for the taking of the fee or as severance damages. Lessee shall be entitled to that portion of the award, if any, attributable to Lessee's trade fixtures and improvements and for the bonus value of Lessee's leasehold. "Trade fixtures" are agreed to include any tenant improvements installed at the Lessee's request to the extent that Lessee has reimbursed Lessor for such tenant improvements, pursuant to Paragraph 25 of this Lease, in a lump sum or through amortization included in the rent payments.

This Lease shall remain in full force and effect as to the portion of the Premises remaining except that the rent shall be reduced in the proportion that the area taken bears to the total Premises.

In the event of a partial taking of the Building, Lessor shall use the proceeds of the condemnation received by Lessor to restore the Premises to a complete architectural unit of a quality, appearance and functional utility at least consistent with the Building as it existed prior to the taking. Rent shall abate for such time and for such area as reconstruction is required and areas are not secure, weather-tight, and usable as office space. Failure of Lessor to commence such restoration within thirty (30) days of the actual physical taking of a portion of the Building shall be grounds for Lessee to cancel this Lease by giving Lessor fifteen (15) days advance written notice of such cancellation, or Lessee, in its discretion, may elect to undertake directly the restoration and deduct the costs thereof from the installments of rent next payable to the Lessor. Commencement under the aforementioned condition shall require (1) securing the area to prevent injury to persons and/or vandalism to the improvements, and (2) the placement of a work order or contract for obtaining the labor and materials to accomplish the restoration.

Within fifteen (15) days of receipt of the offer to acquire the property pursuant to Section 7267.2 of the Government Code or, within fifteen (15) days of the date Lessor receives notice of the RESOLUTION of NECESSITY to condemn property, whichever is earlier, Lessor shall notify Lessee in writing of (1) condemnation proceeding and (2) the physical extent of the Premises that will be affected by the proposed taking.

If more than ten percent (10%) of the floor area of the Premises is taken by condemnation, Lessee may cancel this Lease. The parties agree that Lessor and Lessee shall each receive independently their relocation assistance.

In the event of a partial taking of the parking area, Lessor shall use his best effort to provide Lessee with One hundred and seventy-seven (177) off-street in-and-out parking spaces within five hundred (500) feet of the Building. Lessee may at its sole discretion negotiate with Lessor for an equitable reduction in the monthly rent based upon the fair market value of such parking or the loss of such parking if not replaced or shall at its sole discretion cancel this Lease and shall not be obligated for any further rent payments payable pursuant to Paragraphs 3 and 25.

17. **INDEMNIFICATION AND INSURANCE REQUIREMENTS:**

During the term of this Lease, the following indemnification and insurance requirements shall be in effect.

A. **Indemnification:**

Lessee shall indemnify, defend and hold Lessor harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the Building or the Premises as a result of any negligent act or omission or willful misconduct of Lessee or its employees or arising from any breach or default under this Lease by Lessee. The foregoing provisions shall not be construed to make Lessee responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Lessor, or its officers, contractors, licensees, agents, employees or invitees.

Lessor shall indemnify, defend and hold Lessee, its elected and appointed officers, harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the building in or about the Building or the Premises as a result of any negligent act, omission or willful misconduct of Lessor, or its officers, contractors, licensees, agents, employees, guests, or visitors or arising from any breach or default under this Lease by Lessor. The foregoing provisions shall not be construed to make Lessor responsible for loss, damage, liability or expense resulting from injuries to third parties

caused by the negligence or willful misconduct of Lessee, or its officers, contractors, licensees, agents, employees or invitees.

B. Waiver:

Both the Lessee and Lessor each agree to release the other and waive their rights of recovery against the other for damage to their respective property arising from perils insured in the Causes-of-Loss Special Form (ISO form CP 10 30).

C. General Insurance - Lessor Requirements:

Without limiting Lessor's indemnification of Lessee and during the term of this Lease, Lessor shall provide and maintain the programs of insurance set forth in this Paragraph 17. C. Such insurance shall be primary to and not contributing with any other insurance or self-insurance programs maintained by Lessee, and such coverage shall be provided and maintained at Lessor's own expense.

1. Insurance Coverage Types and Limits - Lessor Requirements:

General Liability insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following:

General Aggregate:	\$ 5 million
Products/Complete Operations Aggregate:	\$ 2 million
Personal and Advertising Injury:	\$ 2 million
Each Occurrence:	\$ 2 million

2. Commercial Property insurance. Such insurance shall:

- a. Cover damage to Lessor's property, including improvements and betterments, from perils covered by the Causes-of-Loss Special Form (ISO form CP 10 30), and include Ordinance or Law coverage.
- b. Be written for the full replacement cost of the property, with a deductible of no greater than five percent (5%) of the property value. Insurance proceeds shall be payable to the Lessor and the Lessee as their interests may appear and be utilized for repair and restoration of the Premises. Failure by Lessor to use such insurance proceeds to timely repair and restore the Premises shall constitute a material breach of this Lease pursuant to Paragraph 12B, Default by Lessor.
- c. Include a Waiver of Subrogation in favor of Lessee.

3. Evidence of Insurance:

Certificate(s) or other evidence of coverage satisfactory to Lessee shall be delivered to the Chief Administrative Office, Real Estate Division, 222 S. Hill Street, 4th floor, Los Angeles, CA 90012 Attn: Director of Real Estate upon execution of this Lease. Such certificates or other evidence shall:

- a. Specifically identify this Lease.
- b. Clearly evidence all coverages required in this Lease.
- c. Contain the express condition that Lessee is to be given written notice by mail at least thirty (30) days in advance of cancellation for all policies evidenced on the certificate of insurance.
- d. Include copies of the additional insured endorsement (ISO form CG 20 26) to the commercial general liability policy, adding the Lessee as an additional insured.
- e. Identify any deductibles or self-insured retentions exceeding

Twenty Five Thousand Dollars (\$25,000).

D. Failure to Maintain Coverage:

1. Review of Insurance Requirements:

The types of insurance and limits required under this Lease shall be reviewed annually by the Lessor or its representative. Coverage types and limits shall reflect the prevailing practice in the Los Angeles metropolitan area for insuring similar property and casualty risks, and be subject to Lessee's approval. Insurance is to be provided by an insurance company acceptable to Lessee with an A.M. Best rating of not less than A:VII, unless otherwise approved by Lessee.

Failure by Lessor to maintain the required insurance, or to provide evidence of insurance coverage acceptable to Lessee shall constitute a material breach of the Lease pursuant to Paragraph 12. B., Default by Lessor. Alternatively, at its sole option, Lessee may purchase such required insurance coverage, and without further notice to Lessor, deduct any premium costs advanced by Lessee for such insurance from any rental payments next due to Lessor.

E. General Insurance - Lessee Requirements:

During the term of this Lease, Lessee shall maintain a program of insurance coverage as described below. Lessee, at its sole option, shall use commercial insurance and/or self-insurance coverage or any combination thereof to satisfy these requirements. Certificate(s) evidencing coverage will be provided to Lessor after execution of this Lease at Lessor's request.

1. Insurance Coverage Types and Limits - Lessee Requirements:
General Liability coverage (equivalent to ISO policy form CG 00 01) with limits of not less than the following:

General Aggregate:	\$ 5 million
Products/Completed Operations Aggregate:	\$ 2 million
Personal and Advertising Injury:	\$ 2 million
Each Occurrence:	\$ 2 million

Lessor shall be an Additional Insured (or its equivalent) with respect only to liability arising from Lessee's sole negligence in its use of the leased Premises.

Workers Compensation and Employers' Liability Coverage with limits of not less than the following:

Each Accident:	\$1 million
Disease - policy limit:	\$1 million
Disease - each employee:	\$1 million

18. TAXES:

Lessor shall pay promptly all real property taxes, assessments and special assessments which may be levied or assessed against the Premises during the term of this Lease or any renewal or holdover period thereof.

In the event Lessor fails or refuses to pay any or all of the taxes or assessments when due, Lessee may give Lessor thirty (30) calendar days prior written notice and thereafter pay such taxes and assessments and deduct the payments from the installments of rent.

19. BINDING ON SUCCESSORS:

Each and all of the terms and agreements herein contained shall be binding upon and shall inure to the benefit of the successors in interest of the Lessor, and

wherever the context permits or requires, the successors in interest to the Lessee.

20. PARKING SPACES:

Lessor shall provide for the non-exclusive use by Lessee during the term of this Lease or any renewal or holdover period as the case may be, one hundred seventy-seven (177) off-street in-and-out parking spaces located within the on-site garage. No tandem spaces will be included and all spaces will be "in and out" as long as that design is consistent with County of Los Angeles policy.

Lessor shall use his best effort to provide Lessee with one hundred seventy-seven (177) non-exclusive spaces at all times. If Lessor provides less than one hundred seventy-seven (177) spaces Lessee may at its sole discretion negotiate with Lessor for an equitable reduction in the monthly rent based upon the fair market value of such parking or the loss of such parking if not replaced.

Notwithstanding the above, failure of the Lessor to provide a minimum of one hundred seventy-seven (177) spaces at all times shall be a material breach of this Lease.

21. HAZARDOUS MATERIALS:

A. Definition:

For purposes of this Agreement, the term "hazardous substances" shall be deemed to include hazardous, toxic or radioactive substances as defined in California Health and Safety Code Section 25316 as amended from time to time, or the same or a related defined term in any successor or companion statutes, and crude oil or byproducts of crude oil other than crude oil which exists on the property as a natural formation, and those chemicals and substances identified pursuant to Health and Safety Code Section 25249.8.

B. Warranties and Representations:

1. Lessor hereby warrants and represents, based upon appropriate and reasonable inspection of the Premises, that during its ownership of the Premises; hazardous substances have not been released on the Premises; that it has no knowledge of any release of hazardous substances on the Premises occurring before its ownership; that it has no knowledge or reason to believe that there are hazardous substances on the Premises; that Lessor shall comply with all federal, state and local laws and regulations concerning the use, release, storage and disposal of hazardous substances; and that Lessor shall require all other tenants, if any, of the Building to comply with the aforementioned rules and regulation.
2. Lessee hereby warrants and represents that it shall comply with all federal, state and local laws and regulations concerning the use, release, storage and disposal of hazardous substances on the Premises.

C. Notice:

Lessor and Lessee agree to immediately notify each other when either party learns that hazardous substances have been released on the Premises or, if a multi-tenant property, on the subject property.

D. Indemnity:

1. Lessor agrees to indemnify, defend and save Lessee, its agents, elected and appointed officers and employees from or against all liability, expenses (including defense costs, legal fees, and response costs imposed by law) and claims for damages of any nature whatsoever which arise out of the presence of hazardous substances on the Premises which has not been caused by Lessee.
2. Lessee agrees to indemnify, defend and save harmless Lessor from

and against all liability, expenses (including defense costs, legal fees and response costs imposed by law) and claims for damages of any nature whatsoever which arise out of the presence of hazardous substances on the Premises caused by Lessee.

3. The indemnity provided each party by this provision shall survive the termination of this Lease.

E. Default:

The presence or release of hazardous substances on the Premises and/or subject property, which is not caused by Lessee and which threatens the health and safety of Lessee's agents, officers, employees or invitees, as determined by Lessee's sole discretion, shall entitle Lessee to immediately terminate this Lease. In the event of such termination, Lessee shall not be obligated for any further rent payable under Paragraphs 3 and 25 and Lessor shall refund any unearned rent paid in advance by Lessee calculated at a daily rate based on the regular monthly rental.

F. Operating Costs:

Costs incurred by Lessor as a result of the presence or release of hazardous substances on the Premises and/or subject property which is not caused by Lessee are extraordinary costs not considered normal operating expenses and shall not be passed through to Lessee as part of its obligation, if any, to pay operating expenses.

G. Asbestos Notification:

Lessor agrees to notify Lessee at least annually of Lessor's knowledge of the presence of asbestos containing materials within the Building. Such notification shall comply with Health and Safety Code Sections 25915 et seq as amended from time to time or as required by any successor or companion statutes enacted subsequent to this Lease.

H. Indoor Air Pollution Notification:

Lessor represents and warrants that a) there have been no complaints regarding the indoor air quality anywhere in the building or in the ventilating system; b) Lessor will deliver to Lessee copies of any such complaints received; c) to the best of Lessor's knowledge there are no indoor air pollution and/or air quality problems in the Building; and d) Lessor will notify Lessee if any indoor air quality or environmental problem is discovered or reported in the Building, and undertake to correct such problem at Lessor's sole cost and expense.

22. GENERAL PROVISIONS:

A. Waiver:

The waiver by Lessor or Lessee of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition on any subsequent breach of the same or any other term, covenant or condition herein contained.

B. Marginal Headings:

The paragraph titles in this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

C. Time:

Time is of the essence of this Lease and each and all of its provisions in which performance is a factor.

D. Recordation:

This Lease shall not be recorded but the parties shall execute and acknowledge before a notary public, the Memorandum of Lease attached to this Lease as Exhibit "G". The Memorandum of Lease shall be recorded with the Los Angeles County Recorder at Lessee's expense.

Lessee shall, within thirty (30) days of the Lease termination, upon Lessor's request, execute and deliver to Lessor a quitclaim deed to the Premises, in recordable form, designating Lessor as transferee. The quitclaim deed may be executed by the Chief Administrative Officer of the County of Los Angeles or his designee.

- E. **Quiet Possession:**
Upon Lessee paying the rent hereunder Lessee shall have quiet possession of the Premises for the entire term hereof subject to all the provisions in this Lease. If any underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, this Lease shall nevertheless remain in full force and effect and Lessee at all times shall be entitled to quiet possession and use of the Premises and shall, notwithstanding any subordination, and upon the request of such successor in interest to Lessor, attorn to and become the lessee of the successor in interest to Lessor.
- F. **Prior Agreements:**
This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease and no prior agreements or understanding pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors-in-interest. This Lease shall not be effective or binding on any party until fully executed by both parties hereto.
- G. **Force Majeure:**
In the event that either party is delayed or hindered from the performance of any act required hereunder by reason of strikes, lock-outs, labor troubles, inability to procure materials not related to the price thereof, failure of power, restrictive governmental laws and regulations, riots, insurrection, war or other reasons of a like nature beyond the control of such party, then performance of such acts shall be excused for the period of the delay, and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.
- H. **Severability:**
Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and such other provisions shall remain in full force and effect.
- I. **Cumulative Remedies:**
No remedy or election hereunder shall be deemed exclusive but shall wherever possible be cumulative with all other remedies at law or in equity.
- J. **Choice of Law:**
This Lease shall be governed by the laws of the State of California, exclusive of conflict of law provisions.
- K. **Warranties or Guarantees:**
In the event that any of the items required to be maintained and repaired by the Lessor under the provisions of Paragraph 9A herein are protected by warranties or guarantees the Lessee shall be entitled to the full benefit of such protection as if it were the original purchaser thereof.
- L. **Impairment of Title:**
Lessor hereby covenants to notify Lessee in writing within thirty (30) days of each and every occurrence which may impair Lessor's title to the Premises. Such occurrences include, but are not limited to, default on a trust deed, transfer of any interest in any trust deed, notification of any lien recordation, notification of any foreclosure, and notification of default in the master lease. Lessor further agrees to notify Lessee, in writing, within ten (10) days of

receipt of any written notice regarding redevelopment, zoning, or conditional use permits which affect the property, the subject of this Lease or real property adjacent thereto.

M. Construction:

Any and all construction pertaining to this Lease by Lessor or his designated contractors or subcontractors shall comply with all applicable City, County, State and Federal regulations, codes and ordinances, including but not limited to all provisions of the Labor Code of the State of California. Under the provisions of said Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly rate in dollars and details pertinent thereto for each craft, classification or type of workman or mechanic needed for the construction of the improvements.

Particulars of the current Prevailing Wage Scale, as approved by the Board of Supervisors, which are applicable to the work contemplated are filed with the Clerk of the Board of Supervisors and must be posted at the subject site.

N. Interpretation:

The language of this Lease shall be construed according to its fair meaning and not strictly for or against Lessor or Lessee, pursuant to the laws of the State of California.

O. Community Business Enterprise:

Lessor is encouraged to use Community Business Enterprises (CBE) in all contracts when possible as sources for supplies, equipment, construction and services. This shall apply during any applicable tenant improvement construction, modular furniture installation and services to be provided during the Lease term.

Lessor shall submit evidence of CBE participation by providing completed copies of the Community Business Enterprise Firm Information form attached hereto as Exhibit "E", at the time of signing this Lease and thereafter on an annual basis on or before December 30th of each year of the term of this Lease.

P. Lobbyists:

Lessor and each County lobbyist or County lobbying firm as defined in Los Angeles County Code Section 2.160.010, retained by Lessor, shall fully comply with the County Lobbyist Ordinance, Los Angeles County Code Chapter 2.160. Failure on the part of Lessor or any County lobbyist or County lobbying firm retained by Lessor to fully comply with the County Lobbyist Ordinance shall constitute a material breach of this Lease upon which County may immediately terminate or suspend this Lease.

23. WARRANTY OF AUTHORITY:

Each of the undersigned signatories for the Lessor thereby personally covenant, warrant and guarantee that each of them, jointly and severally, have the power and authority to execute this Lease upon the terms and conditions stated herein and each agrees to indemnify and hold harmless the Lessee from all damages, costs, and expenses, which result from a breach of this material representation.

24. ESTOPPEL CERTIFICATE:

Either party shall at any time upon not less than thirty(30) days' prior written notice from the other party execute, acknowledge and deliver to the requesting party a statement in writing (1) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (2) acknowledging that there are not to the declarant's knowledge, any uncured defaults on the part of either party hereunder, or specifying such defaults if any are claimed. Any such statement may

be conclusively relied upon by any prospective purchaser or encumbrancer of the building complex or any other interested party. Failure to deliver such statement within such time shall be conclusive evidence (a) that this Lease is in full force and effect without modification except as may be represented by the requesting party in the written request for the certificate, (b) that there are no uncured defaults in either party's performance, and (c) that not more than one (1) month's rent has been paid in advance

25. TENANT IMPROVEMENTS:

A. Tenant Improvement Allowance:

Lessor within ten (10) days after receipt of a duly executed copy of this Lease and County-approved preliminary plans, will, at its own expense, cause a licensed California architect to prepare final working drawings and specifications for the proposed interior tenant improvements which are to be provided by Lessor up to a maximum cost of Six Hundred Sixty-Four Thousand, Four Hundred Seventy Dollars (\$664,470), Fifteen Dollars (\$15) per square foot "Base Allowance."

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B. Additional Tenant Improvement/Modular Furniture Allowance:

In the event that the tenant improvement cost exceeds Six Hundred Sixty-Four Thousand, Four Hundred Seventy Dollars (\$664,470), Fifteen Dollars (\$15) per square foot, Lessee may authorize Lessor after review of estimates and written approval of the Chief Administrative Officer, or his designee, to pay the overage up to a maximum total of Three Million, One Hundred Thousand, Eight Hundred Sixty Dollars (\$3,100,860), Seventy (\$70) per square foot, including the Base Allowance. Lessee agrees to reimburse Lessor for "Additional Tenant Improvement Allowance" above Fifteen Dollars (\$15) per square foot, payable in monthly rent installments over the term of the Lease, amortized at the rate of seven percent (7%) per annum over the Lease term, except the furniture cost will be amortized at the rate charged the Lessor not to exceed ten percent (10%).

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C. Discretionary Tenant Improvement Allowance:

Lessee may authorize Lessor after review of estimates and written approval of the Chief Administrative Officer only to pay the overage up to a maximum total of Three Million, Three Hundred Twenty-Two Thousand, Three Hundred Fifty Dollars (\$3,322,350), Seventy-Five Dollars (\$75.00) per square foot, including the Base Allowance, Additional Tenant Improvement Allowance and "Discretionary Tenant Improvement Allowance." Lessee agrees to reimburse Lessor for tenant improvement cost above Fifteen Dollars (\$15) per square foot, payable in monthly rent installments over the term of the Lease, amortized at the rate of seven percent (7%) per annum over the Lease term, except the furniture cost will be amortized at the rate charged the Lessor not to exceed ten percent (10%).

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The Lessee may at anytime during the Lease term pay Lessor in a lump sum for all or any portion of the tenant improvement cost and reduce the rental rate per Paragraph 3 and this Paragraph 25 accordingly. Lessor will notify Lessee of the tenant improvement final cost, and the amount payable monthly by Lessee hereunder.

For purposes of ascertaining the actual cost of said tenant improvements and furniture, Lessor shall provide to Lessee, upon the issuance of a Certificate of Occupancy, or a final sign-off by the City of Los Angeles, a detailed breakdown of the total costs of constructing the tenant improvements and furniture and execute a summarized breakdown of the total costs of the tenant improvements in the form of the attached Exhibit "D." Lessee shall have the right to audit these costs for a period of twenty-four (24) months from the date of completion and acceptance by Lessee of the tenant improvements. In the event Lessee requests a rent reduction due to its audit of these costs, Lessee shall provide Lessor with a copy of the audit summary as part of its request.

Lessor shall, as part of the Additional Tenant Improvement Allowance, provide, at its own expense, an allowance payable directly to the furniture vendor or in the form of a financed transaction acceptable to the Lessee including, but not limited to a lease purchase agreement, provided the outstanding balance can be no more than One Dollar (\$1) at the end of a term not to exceed one hundred twenty (120) months. Lessee shall deliver to Lessor within ten days after execution hereof, modular furniture plans and specifications (the "Modular Specifications"). Based on the "Modular Specifications" provided by the Lessee, Lessor and /or Lessor's architect, shall prepare a modular furniture specifications bid package for submission to no less than three (3) furniture vendors. Prior to submission for bids, Lessor shall review the bid package with Lessee and Lessee shall have the right to approve or disapprove the bid package. Lessor shall not be responsible for the cost of such modular furniture in excess of the Additional Tenant Improvement Allowance.

Lessee may opt to finance the lump-sum payment for the cost of modular furniture through lease-purchase financing with a third-party lessor (Creditor). In the event the Lessee elects to enter into a lease-purchase financing of the furniture and telecommunications equipment (the "Personal Property") through a Creditor, Lessor expressly agrees as follows:

The Personal Property shall not become part of the realty or real property, but shall remain personal property removable by the Creditor and its assigns, provided that any damage occasioned by such removal shall be repaired by Creditor.

Lessor shall be notified by Creditor of any plan by Creditor to remove the Personal Property.

This section shall be binding on the representatives, successors and assigns of all parties hereto and shall enure to the benefit of the successors-in-interest to all parties hereto.

Lessor does hereby waive any right to gain possession of any of Personal Property during the term of this Lease.

D. Change Orders:

All Lessee requested and approved change orders shall not exceed a total cost of Two Hundred Twenty One Thousand Four Hundred Ninety Dollars (\$221,490) and Lessor shall not be required to accept any particular change order if the total cost of prior Lessee initiated change orders exceeds Two Hundred Twenty One Thousand Four Hundred Ninety Dollars (\$221,490). The Chief Administrative Officer, or his designee, is hereby authorized to approve change orders on behalf of Lessee. Lessee may pay for change order costs in lump sum, or may, at its option, pay in monthly rent installments over the term of the Lease, amortized at the rate of seven percent (7%) per annum over the lease term. Lessor, or Lessor's contractor, shall submit to the Chief Administrative Officer, with each requested change order (a) specific cost of the requested change; (b) the cumulative net total cost of all change orders previously approved; and (c) an estimate of the construction time which will be increased or shortened if the change order is approved. Each change order shall be signed and dated by the Chief Administrative Officer to be considered approved. Lessee shall have the right to audit the cost of the changes for a period of twenty-four (24) months from the date of completion and acceptance by Lessee of the tenant improvements. In the event Lessee requests a rent reduction due to its audit of these costs, Lessee shall provide Lessor with a copy of the audit summary as part of its request.

E. Tenant Improvement Process:

The working drawings are to be prepared in accordance with preliminary

plans and specifications No. 06-05 dated April 26, 2005. Said Plans and Specifications are also on file with the Chief Administrative Office and identified as Exhibit "A" and incorporated herein by reference thereto and Lessor has a duplicate copy.

Lessor shall provide any final working drawings required from said preliminary plans with Lessee having the right to review and approve said final working drawings. All work, construction and materials shall be in final working drawings and specifications. All circuit breakers, fire sprinklers, and plumbing shut off valves shall be labeled as to areas controlled both on the drawings and on the breaker panels and valves. Upon completion Lessor shall furnish the Chief Administrative Office with one (1) complete set of reproducible as-built drawings of the tenant improvements plus a copy of the as-built plans in an Auto CADD DFX file, together with the existing plans, in possession of Lessor, showing the locations of any underground utility lines and their depths.

The Premises shall meet all applicable City, County, State and Federal building codes, regulations and ordinances required for beneficial occupancy. Any work, including construction, that Lessor must undertake to obtain the necessary jurisdictional approvals for occupancy shall be at Lessor's sole cost and expense and shall not be considered as part of the tenant improvement allowance. Any work to meet applicable code requirements necessitated by Lessee's special requirements shall be included as part of the tenant improvement allowance.

The Lessor shall submit three (3) bids for the construction of the tenant improvements to the County for its review prior to award of the contract. The bids shall include an itemized list of all materials and labor and shall include all additional costs including A/E fees, permits, reasonable contractor's profit and overhead, and project management fees.

The tenant improvement cost shall not include any costs incurred for asbestos abatement, fire sprinkler system, or conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere. All work for required asbestos abatement, fire sprinkler system, or air conditioning system conversion shall be performed at the sole cost and expense of Lessor.

F. Completion:

The parties agree that the estimated time for completion of said tenant improvements is one hundred fifty (150) days from the date of issuance of the building permit(s). Lessor shall file for a building permit to construct the improvements within ten (10) days of completion of final working drawings and acceptance by Lessee and diligently pursue to obtain the permit as soon as possible.

Additionally, Lessor shall complete the telephone equipment room(s) including permanent power and HVAC in compliance with the plans and specifications referenced above as Exhibit "A" at least thirty (30) days prior to the estimated completion date. During this thirty (30) day period, the Lessor shall be responsible for any telephone/data equipment delivered to the site for programming prior to the completion date. Completion may be delayed by:

- i. Acts or omissions of Lessee or of any employees or agents of Lessee (including change orders in the work), or
- ii. Any act of God which Lessor could not have reasonably foreseen and provided for, or
- iii. Any strikes, boycotts or like obstructive acts by employees or labor

organizations which Lessor cannot overcome with reasonable effort and could not reasonably have foreseen and provided for, or

- iv. Any war or declaration of a state of national emergency, or
- v. The imposition by government action or authority of restrictions upon the procurement of labor or materials necessary for the completion of the Premises.

G. Lessee Remedies:

If Lessor fails to obtain the building permit within a reasonable time, taking all factors into consideration, or if tenant improvements have not been completed within sixty (60) days from the estimated time of completion, which period shall be extended for a reasonable time for delays enumerated in subparagraph B above, Lessee may, at its option:

- 1. Cancel the Lease upon thirty (30) days written notice to Lessor; or
- 2. Upon thirty (30) days written notice to Lessor, assume the responsibility for providing the tenant improvements itself.

If Lessee elects to provide tenant improvements itself, then:

- a. Lessee, its officers, employees, agents, contractors and assignees, shall have free access to the Premises at all reasonable times for the purpose of constructing the tenant improvements and for any other purposes reasonably related thereto
- b. Rent shall be reduced by Lessee's total expense in constructing the tenant improvements, including any financing charges for capital and a reasonable amount for its administrative costs, and including interest at the rate of six percent (6%). The rent reduction schedule shall be as mutually agreed to between the parties or, if no such agreement is made, Lessee's total expense shall be fully amortized in equal monthly amounts over five (5) years and deducted from the rent payable hereunder.

26. ASSIGNMENT BY LESSOR:

Lessor may assign, transfer, mortgage, hypothecate or encumber Lessor's right, title and interest in and to this Lease or any portion thereof (including the right to receive rental payments but excluding its duties and obligations hereunder), and Lessor may execute any and all instruments providing for the payment of rent directly to an assignee or transferee, but only if the conditions set forth in the subparagraphs below are met.

Any document or agreement purporting to assign, transfer, mortgage, hypothecate or encumber Lessor's right, title and interest in and to this Lease or any portion thereof, is hereinafter referred to as a "Security Agreement." Any Security Agreement which is executed without full compliance with the requirements of this Paragraph 26 shall be void.

Each assignee or transferee under the Security Agreement shall certify and agree in writing that such assignee or transferee has read and is familiar with the requirements of Sections 5950-5955 of the California Government Code, which prohibits the offer or sale of any security constituting a fractional interest in this Lease or any portion thereof, without the prior written consent of the County.

Violation by Lessor of the provisions of Section 5951 of the California Government Code will constitute a material breach of this Lease, upon which the County may impose damages in an amount equal to the greater of (a) Five Hundred Thousand

Dollars (\$500,000) or (b) ten percent (10%) of the aggregate principal portion of all rental payments payable by the County during the entire term of this Lease, it being expressly agreed that the aforesaid amount shall be imposed as liquidated damages, and not as a forfeiture or penalty. It is further specifically agreed that the aforesaid amount is presumed to be the amount of damages sustained by reason of any such violation, because from the circumstances and nature of the violation it would be impracticable and extremely difficult to fix actual damages. In addition, the County may exercise or pursue any other right or remedy it may have under this Lease or applicable law.

Lessor shall give County notice and a copy of each Security Agreement and any other instrument relating thereto (including, but not limited to, instruments providing for the payment of rent directly to an assignee or transferee) at least two (2) weeks prior to the effective date thereof.

Lessor shall not furnish any information concerning County or the subject matter of this Lease (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of the County Counsel) to any person or entity, except with County's prior written consent. Lessor shall indemnify, defend and hold County and its officers, agents and employees harmless from and against all claims and liability alleged to arise from the inaccuracy or incompleteness of any information furnished by Lessor in violation of this Paragraph 26. The provisions of this Paragraph 26 shall be binding upon and applicable to the parties hereto and their respective successors and assigns. Whenever in this Paragraph 26 Lessor is referred to, such reference shall be deemed to include Lessor's successors or assigns, and all covenants and agreements by or on behalf of Lessor herein shall bind and apply to Lessor's successors and assigns whether so expressed or not.

27. RENTAL ADJUSTMENT:

A. Adjustment Period:

For each successive twelve (12) months of the original term of this Lease, the monthly rent as set forth in Paragraph 3 ("Base Rent") shall be subject to adjustment. At the beginning of the thirteenth (13th) month of the Lease term and every twelve (12) months thereafter, the rent shall be adjusted in accordance with the CPI formula set forth below in Paragraph 27B.

B. Adjustment Formula:

The method for computing the annual rental adjustment shall be by reference to the Consumer Price Index for all Urban Consumers for the Los Angeles-Anaheim-Riverside area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84 = 100), hereinafter referred to as "Index". The "Base Index" shall be the Index published for the month the Lease commences.

The rental adjustment for the Base Rent shall be calculated by multiplying the Base Rent by a fraction, the numerator being the Index which is the Index published in the month immediately preceding the month the adjustment is to be effective ("New Index"), and the denominator being the Base Index. The rental adjustment formula shall be as follows:

$$\frac{\text{New Index} \times (\$50,942.70)}{\text{Base Index}} = \text{New Monthly Rent}$$

If the Index is changed so that the base year of the Index differs from that used as of the commencement date of the Lease, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term of this Lease, such other governmental Index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised. In the event the parties are

unable to agree upon a substitute Index (if the original Index is discontinued without a replacement) then upon demand by either party, the matter shall be submitted to Arbitration in accordance with the provisions of Code of Civil Procedure Section 1280 et seq as they now exist or may later be amended for the purpose of determining an alternate method of computing the rent adjustment based upon the increase in the cost of living.

C. General Provisions:

1. In no event shall the rent adjustment based upon the CPI formula set forth in Paragraph 27B result in an annual increase less than two per cent (2%) per year nor more than four percent (4%) per year of the Initial monthly Base Rent of \$50,942.70.00 (i.e. not less than \$1,018.85 nor more than \$2,037.70 per month, per annual adjustment).
2. In no event shall the monthly rent be adjusted by the CPI formula to result in a lower monthly rent than was payable during the previous year of the Lease.

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28. CONSIDERATION OF GAIN PROGRAM PARTICIPANTS:

Should Lessor require additional or replacement personnel after the effective date of this Lease, Lessor shall give consideration for any such employment, openings to participants in the County's Department of Public Social Services' Greater Avenues for Independence (GAIN) Program who meet Lessor's minimum qualifications for the open position. The County will refer GAIN participants by job category to the Lessor.

29. SOLICITATION OF CONSIDERATION:

It is improper for any County Officer, employee or agent to solicit consideration, in any form, from a lessor with the implication, suggestion or statement that the lessor's provision of the consideration may secure more favorable treatment for the lessor in the award of the lease or that the lessor's failure to provide such consideration may negatively affect the County's consideration of the lessor's submission. A lessor shall not offer or give, either directly or through an intermediary, consideration, in any form, to a County officer, employee or agent for the purpose of securing favorable treatment with respect to the award of a lease.

Lessor shall immediately report any attempt by a County office, employee or agent to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861. Failure to report such solicitation may result in the Lessor's submission being eliminated from consideration.

30. LIMITATION OF AUTHORITY:

Only the Board of Supervisors has the authority, by formally approving and/or executing this Lease, to bind the County to the terms included herein. Lessor understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal Board action. No County officer, employee, agent, or independent contractor has any authority to alter, add or delete the material terms of this Lease; and Lessor may not rely upon any representations to the contrary.

This limitation of authority applies to all material terms of the Lease including, without limitation, any monetary ceiling established for tenant improvements or other project costs of Lessor which are subject to reimbursement by County. County shall not reimburse Lessor for any expenses which exceed this ceiling.

31. IRREVOCABLE OFFER:

In consideration for the time and expense that County will invest including but not limited to preliminary space planning, legal review, and preparation and noticing for presentation to the County Real Estate Management Commission in reliance on Lessor's covenant to lease to County under the terms of this lease offer, the Lessor irrevocably promises to keep this offer open until June 30, 2005.

IN WITNESS WHEREOF, the Lessor has executed this Lease or caused it to the duly executed, and the County of Los Angeles by order of its Board of Supervisors, has caused this Lease to be executed on its behalf by the Chair of said Board and attested by the Clerk thereof the day, month, and year first above written.

WILMONT INC.

By
Name:
Title:

[Signature]
Stephen Cha
Secretary

By
Name:
Title:

[Signature]
David Y. Lee
President

ATTEST:

VIOLET VARONA-LUKENS
Executive Officer-Clerk
of the Board of Supervisors

By [Signature]
Deputy

COUNTY OF LOS ANGELES

[Signature]
Chair, Board of Supervisors

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
County Counsel

By

[Signature]
Kathleen D. Felice
Senior Deputy County Counsel



ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

16

JUN 21 2005

[Signature]
VIOLET VARONA-LUKENS
EXECUTIVE OFFICER

EXHIBIT A - PLANS AND SPECIFICATIONS

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CMO

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